

NATIONAL CANNERS ASSOCIATION



Information Letter



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National Business Survey Conference

The business survey conference called by Julius H. Barnes, Chairman of the Board of Directors of the United States Chamber of Commerce, pursuant to President Hoover's request for concerted industrial activity, heard reassuring reports from leaders of many important industrial groups at its meeting on December 5, and authorized the appointment of an executive committee, with Mr. Barnes as permanent Chairman, to consider the advisability of maintaining a continuing organization and to determine the scope of its work.

The statement submitted by President Cosgrove for the canning industry was as follows:

"Through the cooperation of state and regional canners associations, the National Canners Association has obtained information respecting the present market situation in the canning industry, prospects for the next six months, and production plans for the coming year. The following summary is based upon reports from 16 associations representative of practically every district in which the canning industry operates.

Present Market Situation—In general, the canned food market situation is more favorable than at the same date last year. Not all the factors that have brought about this situation are in themselves satisfactory to the industry, but, as a whole, prices are such as to have made canning operations reasonably profitable and goods are moving into consumption at a satisfactory rate.

"Where prices have advanced because of higher raw material costs, as in the Northwest fruit districts, or because of a curtailed raw material supply, as in the California districts hit by frost damage, there is a potential, or an actual, resistance to these higher prices.

"Stocks unsold are, in general, lower than is usual at this time of the year. In some canning districts there are practically no unsold stocks. In others the stocks on hand are moving out at a normal or better than normal rate. In no case have cancellations affected the supply of stocks. The salmon industry is an exception in one respect, in that it has on hand an unusual stock of pink salmon, due to an unusually large pack, while that of other species is lower.

"Prospects for Next Six Months.—Confidence in market prospects for the next six months is the general expression of reports received, although in some cases this expression is qualified by the statement that canned food market conditions will depend in part on the general trend of business. Canned food production is considered to have been sufficient to meet consumptive demands in general, but not large enough to create a burdensome surplus to be carried over at the end of the season. Where there have been price advances due to higher cost or smaller supply of raw materials, the position will naturally be affected by consumer attitude on these advances.

"Production Plans.—Present confidence in the situation is reflected in reports of increased operations planned for next year, but there is general belief that care be must exercised to avoid over-production and the ills that come with it. The canning industry has a capacity considerably in excess of its current production, and utilization of this excess capacity would create a big surplus, lower prices and bring distress to producers which would in turn be carried on to the grower. Some disquietude is also felt as to consumer acceptance of the higher prices that will be inevitable if canners are compelled to pay a higher price for their raw materials."

House Votes to Reduce Taxes

Congress convened on Monday, and the Senate devoted practically the entire week to the question of seating Senator-elect Vare of Pennsylvania. The House on Thursday adopted by an overwhelming vote the resolution providing for a tax reduction to apply to corporation and normal incomes for the calendar year 1929.

Expenses of Defending Consumer Complaints

In fairness to all members of the Association it seems advisable to announce just what expenses the Association will pay in connection with the defense of consumer complaints involving its members' canned products.

The policy of defending these suits at the expense of the Association was inaugurated on the recommendation of the Association's Administrative Council, which resulted in the adoption of a resolution at the meeting of the Board of Directors in May, 1923. This resolution provided that the cost of defense of all alleged food poisoning cases was to be included in membership service, subject to the approval of the counsel of the Association, and the rules and regulations governing the same to be recommended by him. These costs were not to include the payment of damages if the court awarded the same.

Accordingly, this matter has been taken up with the Association's general counsel, Covington, Burling and Rublee, in order to establish a uniform practice in this respect, and our counsel have expressed their opinion that this Association should not be called upon to pay for the services and expenses in connection with such suits where the service and expense are under the direct control of the member and are simply in line with such proper cooperation as the member should afford to the Association's counsel who has been retained to defend the suit. These services and expenses are such as would be rendered or incurred by the member in conducting his own affairs, and while they are, of course, connected with the lawsuit, they are quite distinct from the services and expenses of counsel engaged to defend it. It does not seem unreasonable to expect that members would cooperate to any reasonable extent in providing such assistance as they can reasonably be expected to provide in defending suit.

The Association's general counsel therefore recommends that the Association services in the defense of such suits should be as follows:

1. The Association will continue to investigate all consumer complaints involving canned products of its members, and will pay the cost of such investigations.
2. The Association will find and engage lawyers to defend suits of this kind, whether the member is being sued directly or whether the suit is against the distributor or grocer who has sold the member's canned product involved in the suit; provided, however, that the general counsel of the Association believes the claim to be unjustified and that it should be defended; and pro-

vided further, that the member requests the Association to defend the suit and agrees to pay any judgment that may be rendered against the party against whom suit is brought.

3. The Association will pay the fees and necessary expenses of the lawyers engaged by it, bills for such service and expenses to be submitted directly to the Association.

4. The Association will engage the services of and pay the fees and expenses of expert medical and bacteriological witnesses if such are considered necessary by the lawyer selected by the Association to handle the case.

5. The Association will pay all expenses for stenographic and commissioner's fees in taking depositions requested by the Association's lawyer. If these depositions are taken by lawyers engaged or authorized by the Association, the Association will also pay such lawyers' fees.

6. The Association does not commit itself to pay the expenses of officers or employees of the member or distributor involved, incurred in connection with the suit, nor the fees or expenses of witnesses except those authorized by the Association. Neither will the Association pay the fees of the member's regular counsel for services in connection with the suit, when such counsel is not regularly employed by the Association to defend the suit.

7. In no event is the Association to be in any way responsible for the outcome of the suit. The Association is not to pay any judgment obtained or any part thereof, nor is it to be responsible to its member for any criticism which may arise regarding the way in which the suit has been handled.

Excellent Cooperation by State Cannery Associations

The value to the industry of state cannery associations, and the fine spirit of cooperation shown by these associations, was demonstrated during the past week in the preparation of a report for submission to the national business survey conference called by Julius H. Barnes, Chairman of the Board of Directors, United States Chamber of Commerce, at the request of President Hoover.

The National Cannery Association was asked to prepare a statement on the present situation and the prospects for the next six months from the viewpoint of the canning industry. Telegrams were sent by the National Association to state cannery associations and prompt replies were received from 16 of these organizations, giving the information desired. The incident

reveals not only the advantage of a national organization to which government authorities and others may look for information, but also the value to the national organization and to the industry as a whole of local associations who are in close touch with the situation in their respective districts and who so thoroughly cover the entire country that their combined views present a complete picture of national conditions.

Hand-to-Mouth Buying Survey Published

The purpose and scope of the study of hand-to-mouth buying, made by Dr. Leverett S. Lyon for the Institute of Economics of the Brookings Institution, are more or less familiar to canners through addresses by Dr. Lyon at the annual conventions of the Association. Canners were asked to cooperate in the investigation by furnishing statistical and other data on their sales, shipments, etc., and in the report that has just been published in book form by the Institute of Economics, there is much information about trends in the canning business that will prove of interest to all canned food producers.

The hand-to-mouth buying that began in 1920 was "far from a new experience to the institution of business," Dr. Lyon states. Rather than the shock of a new business experience, it was "the shock of hand-to-mouth buying (in a rather intensive form) upon a seller's mind which had been softened by two decades of rising prices ending in three or four years of a market orgy. It was indeed a new experience for most of the business men actually concerned, for the turnover of executives since the beginning of the century had been extensive." Historical data, in fact, reveal that hand-to-mouth buying must have been the common, rather than the uncommon practice in American business for many years following the Civil War.

Of the many interesting facts about the canning business discussed in the book, only a few can be mentioned in this review. One of the most interesting, and one that perhaps explains why the canning industry felt the swing to hand-to-mouth buying so keenly, is Dr. Lyon's statement that:

"No other industry for which advance orders have been examined has shown a basis for estimating future shipments comparable to that of the canning industry. It would probably be a mistake to infer that the recent futures decline in the canning industry means that this business is to turn into one which essentially produces for stock to be sold on some competitive basis after production. But it is indeed interesting that this great industry, dependent upon agricultural production and similar in so many ways to agriculture, should have a marketing system organized on a

vitaly different basis. The high order basis in the canning industry is about as far removed from the order basis upon which farmers operate as one can well imagine. An industry in which the individuals have consistently averaged sales of from 50 to 90 per cent of its output in advance of production has attained a system of marketing strikingly different from that of selling through a competitive exchange after production is complete."

As regards size of orders, Dr. Lyon's conclusions are also quite interesting. After saying that evidence does not justify the conclusion that small orders, since 1920, have been becoming a larger proportion of the total in every line of business, he states:

"In certain industries, of which food canning is outstanding in the data studied, the proportionate increase in the number of small orders has by no means been accompanied by a proportionate increase in the percentage of business done in small orders."

That the inventory load of the canner, that is, the stocks on hand on January 1 expressed as a percentage of the preceding year's pack, is steadily increasing, is another conclusion reached from the data studied. As to this it is stated:

"In every type of canned food product the stock burden of the canner has been rising sharply since 1925. In the case of some products the rise has been practically continuous for a longer period of years. In other instances there has been a rise following a sharp decline. * * * If canned goods alone were to be considered, the belief that merchants are compelling those from whom they buy to carry the inventories of the trade would be fully justified."

Most of the data on which the study is based do not cover a period later than 1927, and doubtless conditions have changed in various particulars since that time. Dr. Lyon does not attempt to make definite predictions as to the future. He does, however, point out that:

"Hand-to-mouth buying is compounded of three elements: (1) An attitude of conservatism in buying; (2) the physical condition and organization of the machinery through which trade operates; and (3) technique of manufacture or of storage which makes production or shipments, or both, possible on short order.

"Hand-to-mouth buying is more extensive during the present period than in earlier periods. This is not because the desire to be cautious is any greater, but mechanical improvements make it possible for the buyer to buy less far ahead, to demand quicker delivery, and to require smaller units than was the case before. Important factors in bringing about this increase in hand-to-mouth buying are improvements in methods and rapidity of communication and transportation."

"Hand-to-Mouth Buying" has been chosen as the business book of the month for December by the Business Book League. The price of the book is \$4. There is also in press, and should soon be available, a special bulletin dealing with the material collected from members of the National Cannery Association, duplicating in some cases the material that appears in the book, but rearranging it, and adding the experiences of individual canners to a somewhat greater extent than was possible in the larger volume.

Truck Crop Markets

Severe cold weather and storms in the Middle West and North during the week ended November 30 hindered the haulings of some products and restricted trading at city markets. Combined shipments of 25 fruits and vegetables decreased to 12,510 cars, of which potatoes, apples and oranges comprised more than half. Movement was 2,600 cars less than the corresponding total for last season.

Florida East Coast tomatoes began moving, but bulk of the week's 75 cars of domestic stock originated in Texas and California. Cuban imported stock was also becoming quite prominent.

Virginia spinach shipments were very active, totaling more than 200 cars for the seven-day period. With 165 cars of string beans from Florida, the record of that state was about four times what it was a year ago. The supply of carrots was chiefly from California; the New York carrot market was dull.

Orange shipments increased sharply to about 2,000 cars, of which California started 1,190 and Florida 740. Grapefruit, mostly from Florida and southern Texas, required only 590 cars during the week, as against 1,025 for the same period last season.

Cabbage shipments for the week were limited to 600 cars, with New York's output increased to 340, but Wisconsin down to 170 cars. About 45 carloads came from South Carolina.

The Virginia sweet potato season was nearly ended, when the week's output of that section dropped to 40 cars. Maryland, Delaware and Tennessee were most prominent sources of supply, with 40 to 85 cars each. Combined shipments of 400 cars were less than half of the preceding week's total.

The apple situation showed little change. Shipments from western areas were down to 1,115 cars for the week, and eastern sections shipped 610 cars. The total of 1,725 was about 900 less

than a year ago. Washington was credited with 825, Idaho 170, and Colorado 70 cars. In the East, the Virginias led with 290, while New York shipped 175 cars.

CARLOT SHIPMENTS

Commodity	Nov. 24-30 1929	Nov. 17-23 1929	Nov. 25 Dec. 1 1928	Total this season to Nov. 30	Total last season to Dec. 1	Total last season
Apples, total	1,780	2,671	2,602	69,940	93,509	127,821
Eastern states	609	903	1,035	26,699	48,301	62,708
Western states	1,117	1,745	1,565	33,132	45,212	64,832
Imports	13	23	2	89	86	91
Cauliflower	130	145	278	2,196	2,614	9,859
Cabbage,						
1930 season	4	2	4	8	13	36,835
1929 season	600	622	649	36,835	32,938	38,833
Carrots:						
1930 season	312	161	198	1,008	932	16,653
1929 season	39	45	59	10,653	6,613	7,453
Cucumbers	44	30	9	7,373	7,440	7,466
Green peas	32	63	84	187	270	5,133
Mixed vegetables	371	417	396	30,116	31,269	32,384
Pears	83	126	97	19,347	23,539	24,459
Peppers:						
1930 season	12	10	4	36	8	3,196
1929 season	15	34	2	3,196	8,593	3,599
Spinach:						
1930 season	229	202	178	521	549	10,230
1929 season	41	51	33	10,230	10,531	10,593
String beans:						
1930 season	161	60	46	250	172	4,329
1929 season	11	5	8	8,529	6,679	6,707
Tomatoes:						
1930 season	2	1	44	3	112	31,490
1929 season	75	189	70	31,490	36,330	36,396
Imports	30	10	62	44	80	3,972

Business Conditions

Commercial transactions during the week ended November 30, as reflected by check payments, showed a decline from the preceding week as well as from the same week of last year, according to the weekly statement of the Department of Commerce.

The general index of wholesale prices showed a fractional gain over the previous week, but was more than 5 per cent below the level of last year. Bank loans and discounts showed a recession from the previous week, but were higher than last year. Interest rates on both time and call funds were lower than in either prior period. Bond prices were higher than in the previous week but were lower than a year ago. Prices for stocks showed a further slight recovery from the preceding week, but were lower than in the same week of last year.

Business failures were less numerous than in either the previous week or the same week of 1928.

CAR LOADINGS

	Total	Miscellaneous	Merchandise L. C. L.	Other
Week ended November 23	930,280	349,377	237,801	343,102
Preceding week	983,323	371,463	259,492	352,368
Corresponding week, 1928	1,029,237	387,341	260,430	381,566
Corresponding week, 1927	846,643	315,028	225,629	299,985

French Duties on Sugar and Sugared Goods Increased

The French Government has increased the duties on refined sugar and goods containing sugar by a law of November 28, retroactive to November 19, according to a radiogram received at the Department of Commerce from the American commercial attache at Paris.

The rate on refined sugar has been increased from 100 francs to 140 francs per 100 kilos net weight; on canned pineapples prepared with sugar, from 150 francs to 235 francs per 100 kilos, net weight, and on other canned fruits from 50 to 135 francs per 100 kilos net weight. In addition, canned fruits are now dutiable on the actual sugar content, plus one-fourth of the internal consumption and refining taxes on sugar, based on the total net weight of the product.

The consumption tax has been reduced from 100 francs to 85 francs per 100 kilos, while the refining tax remains at 2 francs per 100 kilos. The duties on other products with high sugar content have also been increased.

Goods shipped prior to November 19 are not to be subject to the new rates.

Danish Cabbage Production and Stocks

The production of Danish Cabbage in 1929, according to a preliminary estimate of the U. S. Bureau of Agricultural Economics, is 21,248 equivalent cars (cars 12.5 tons each) compared with 20,525 cars in 1928. Although the 1929 estimated production is about 4 per cent higher than that of 1928 (due to an 8 per cent increase in acreage) it is 16 per cent below the average production during the past five years.

Total stocks on hand November 1 (both farm and commercial) are estimated at 9,680 cars, or 46 per cent of total production. The comparatively small percentage of the crop in storage on November 1 is due largely to the early movement of the New York domestic crop and to the fact that a part of the Danish crop in this State has been used in the manufacture of kraut. Nearly two-thirds of the stocks on hand as of November 1 were reported in the hands of growers.

Carlot shipments reported by the railroads after November 1 during the past five years have ranged from 37 to 48 per cent of the total estimated production of Danish cabbage.

British Columbia Salmon Pack Declines

The British Columbian salmon pack in 1929 totaled 1,389,476 cases, as compared with 2,034,629 cases in 1928, according

to the Canadian Department of Marine and Fisheries. The Sockeye pack increased from 203,542 cases in 1928 to 275,751 in 1929, Bluebacks from 6,050 to 24,080, and Cohoes from 150,657 to 172,230. On the other hand, Pinks decreased from 792,372 in 1928 to 476,217 in 1929, and Chums from 862,230 to 422,317.

Norwegian Sardine Canning Stopped

The canning of sardines in Norway stopped in the last week of November in order to avoid over-production, according to a radiogram received by the Department of Commerce from the American commercial attache at Oslo.

Increase in Rates Approved

The proposed increase in rates on canned pickles and tomatoes, in carloads, from Keokuk, Iowa, to Evansville, Ind., and Louisville, Ky., which was suspended by the Interstate Commerce Commission, has been found justified, and the Commission has accordingly ordered the suspension vacated.

Rate on Cold-pack Cherries

The rate on cold pack cherries, in cans, kegs or barrels, from Traverse City, Mich., to Chicago, Ill., has been found by the Interstate Commerce Commission to be not unreasonable or unduly prejudicial for the future, but failure to establish and maintain a rate and minimum for the future to apply alternatively with the present rate and minimum will be unreasonable. The present rate is 45.5 cents per 100 pounds, minimum 30,000 pounds; the alternative rate, the Commission requires, shall not exceed 40 cents per 100 pounds, minimum 50,000 pounds.

Commission Modifies Findings in Consolidated Southwestern Case

The Interstate Commerce Commission, in a supplemental report on further hearings in the Consolidated Southwestern Cases, has modified its findings with respect to the rates on canned foods between points embraced in the proceedings. In its original report the Commission found column 35 and fifth class (column 38) rates reasonable for application to the canned foods listed in descriptions 9 and 10 respectively, of the Appendix to its report. The supplemental report revises the list of articles in description 9 on which column 35 rates are held reasonable for application. The canned foods now included in description 9 are:

Catsup; clam juice; fruits (namely, apples, apricots, peaches, and plums, including prunes), canned or preserved in juice or sirup or in liquid other than brine or alcoholic liquor, and fruit butter, jam, jelly, or pulp made from apples, apricots, peaches, or plums; hominy, macaroni, spaghetti, or vermicelli, prepared with or without chili, cheese, meat or vegetables; milk condensed or evaporated, liquid or paste, with or without vegetable fats; mustard, prepared; oysters; pickles, n. o. l. b. n. in current western classification, supplements thereto and reissues thereof; pork and beans; rice (including rice with chili); sauerkraut, sauerkraut brine, and sauerkraut juice; scrapple; soups, including broths or chowders; tomato puree, tomato pulp, tomato paste, and tomato juice; vegetables (except asparagus), including vegetables with chili; wheat; all in packages as provided in current western classification, supplements thereto and reissues thereof, straight or mixed carloads, minimum weight 40,000 pounds.

Vinegar (except raspberry or claret), molasses or sirup (except coloring, flavoring, fruit, malt, or medicated) in packages as provided in current western classification, supplements thereto and reissues thereof, in mixed carloads with any of the above, minimum weight 40,000 pounds.

On other canned foods the class basis is held to be reasonable.

Split Delivery Practice Held Illegal

The Shipping Board on December 4 entered an order in the so-called split delivery cases in which it held that the practice of intercoastal lines giving full carload rates on shipments to be divided among two or more consignees is unduly prejudicial to solid carload receivers and is in violation of Section 16 of the Shipping Act of 1916.

Abstracts of Canning Technology

With this week's Information Letter is mailed No. 4 of Volume VII of the "Abstracts of Canning Technology." Should any member fail to receive a copy, he is requested to advise the Association promptly so that another copy may be sent.

Navy Asks for Bids on Pickles

The Navy Department is asking for bids on pickles in half-barrels of 16 gallons only, 51,000 pounds for delivery at Boston, Brooklyn, N. Y., Philadelphia, and Hampton Roads, and 31,000 pounds for delivery at Mare Island and Bremerton. Bids are to be opened at 10.00 a. m. on January 14, 1930. Copies of Schedule 2403 on which to submit bids may be obtained from the Bureau of Supplies and Accounts, Navy Department, Washington, D. C.

Value of Canned Salmon Recognized

Canned salmon is considered a dependable substitute for meat as a preventive of pellagra, according to a report of Dr. Joseph Goldberger and Dr. G. A. Wheeler of the U. S. Public Service.

Pellagra is a disease quite prevalent in many parts of the South, where the fresh-meat supply is often very restricted, especially in spring and summer. The disease is due to the lack in the diet of one of the vitamins, known as the pellagra-preventive factor. Experiments were made by including canned chum salmon in the diet of 18 women who were known to be afflicted with pellagra and none of them showed any symptoms of the disease during the period of observation, which in no case was less than one year.

In the opinion of the authors, canned salmon "is a readily available preserved food, comparatively cheap, and if used in sufficient quantity constitutes a dependable substitute for fresh meat, at least in so far as the pellagra-preventive factor is concerned."

The report is published in "Public Health Reports," Volume 44, Number 46 (November 15th, 1929).

Picking Time and Core Breakdown of Bartlett Pears

The article contributed to the Journal of Agricultural Research by C. P. Harley, of the U. S. Bureau of Plant Industry, on the "Relation of Picking Time to Acetaldehyde Content and Core Breakdown of Bartlett Pears" has been issued in separate form by the Department of Agriculture. It was found in this study that the length of the period elapsing from the time the pears were picked until core breakdown occurred depended on the maturity of the fruit when harvested. Pears picked at an advanced stage of maturity broke down at a more rapid rate than the earlier picked fruit.

Simplified Practice Recommendation for Glass Containers Printed

The Division of Simplified Practice of the Bureau of Standards, Department of Commerce, has announced the printed booklet on Simplified Practice Recommendation No. 91—Glass Containers for Preserves, Jellies and Apple Butter—may be obtained from the Superintendent of Documents, Government Printing Office, Washington, D. C., for 5 cents each.